ANNUAL REPORT

April 1, 1997 to
March 31, 1998

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Our Vision

Our unique properties will be known for enhancing the community and enriching a world class destination;

Inside our doors will be found personal service, professionalism, and technological expertise;

For those who work and gather here, we will encourage innovation, accomplishment and passion.

Our Mandate

To generate economic benefit to the Province of British Columbia

Our Mission

To provide the best event experience in North America

Our Values

Profitability

Value and service for customers

Respect, fairness and honest communications among employees

Creativity and innovation

Enthusiasm and humour

Integrity—we apply our values

Our Strategic Objectives

To provide a high level of service and value to our customers

To increase economic benefit to the Province of British Columbia

To improve financial performance

To maximize penetration in target markets

To maintain, improve and expand properties

To create work environments for organizational and personal success

To be environmentally responsible in managing our properties

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THE BRITISH COLUMBIA PAVILION CORPORATION

B.C. PAVILION CORPORATION

A Provincial Crown Corporation
Ian G. Waddell, *Minister*

OPERATING:
B.C. Place Stadium

TRADEX (Fraser Valley Trade & Exhibition Centre)

Robson Square Conference Centre

The Bridge Studios

Vancouver Trade & Convention Centre

BOARD OF DIRECTORS:

To June 30, 1998
Diana Reid, *Chairman*
Les Atchison
Julia Blockberger
Warren Buckley, *President & Chief Executive Officer*
Marie Decaire
Georgena Good
Justis Greene
Christopher Humble
Allan Krasnick
Victor Lee
Catherine Van Alstine
Dolly Watts

Effective July 1, 1998
Diana Reid, *Chairman*
Warren Buckley, *President & Chief Executive Officer*
Joanne Fung
David Gibbons
Justis Greene
Christopher Humble
Allan Krasnick
Judith Lane
Victor Lee
Jim Pearson
Charnjit Rhandhawa
Rosalie Schmidt
Tim Stevenson
Catherine Van Alstine
Dolly Watts

MANAGEMENT COMMITTEE:

Warren Buckley, *President & Chief Executive Officer*

Pat Brand, *Director, Human Resources*

Susan Croome, *General Manager,* THE BRIDGE STUDIOS

Howard Crosley, *General Manager,* B.C. PLACE STADIUM

John Harding, *Chief Financial Officer*

Ray LeBlond, *Communications Manager*

Barbara Maple, *General Manager,* VANCOUVER TRADE & CONVENTION CENTRE

Janis Ostling, *Chief Operating Officer*

Brenda Sandes, *Director, Marketing*

Tracey Short, *General Manager,* ROBSON SQUARE CONFERENCE CENTRE

Lauren Thomas, *General Manager,* TRADEX

CORPORATE SECRETARY
Nazim Jamal

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Vancouver, B.C.
Canada V6B 5C6
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His Honour the Honourable Garde B. Gardom, QC
Lieutenant-Governor of British Columbia

May It Please Your Honour:

I respectfully submit herewith the annual report of the B.C. Pavilion Corporation for the fiscal year ending March 31, 1998.

The Corporation operates the Vancouver Trade & Convention Centre, B.C. Place Stadium, Robson Square Conference Centre, Tradex and The Bridge Studios.

The diversity of these five facilities permits the B.C. Pavilion Corporation to fulfill two very vital functions for the community. With over 1,200 events booked annually, the Corporation provides significant economic benefits throughout the province. In addition, these venues provide a much needed home for British Columbians to host a variety of unique business, entertainment and cultural activities.

In fiscal 1998 the Corporation successfully achieved its highest ever revenues of over $29 million. This accomplishment is reflective of another year of sound management by Corporation staff and the Board of Directors. On behalf of the provincial government, my congratulations to the entire B.C. Pavilion Corporation team for their efforts.

Sincerely,

Ian G. Waddell
Minister of Small Business, Tourism & Culture
Minister Responsible for B.C. Pavilion Corporation

Government of British Columbia

Minister of Small Business, Tourism and Culture

**Parliament Buildings
Victoria, British Columbia
V8V 1X4**

THE BRITISH COLUMBIA PAVILION CORPORATION

Honourable Ian G. Waddell
Minister of Small Business,
Tourism & Culture
Parliament Buildings
Victoria, B.C. V8V 1X4

Dear Minister Waddell:

On behalf of the Board of Directors of the B.C. Pavilion Corporation, it is my pleasure to submit the Corporation's annual report for the year ending March 31, 1998.

The net economic benefit generated by our Corporation's five facilities was in excess of $525 million for fiscal 1998.

The B.C. Pavilion Corporation has efficiently achieved an operational style that provides flexibility to pursue new opportunities, but also allows for current challenges to be properly addressed. Most importantly, service to the Corporation's customers is never compromised and continues to be an important part of B.C. Pavilion's identity.

My sincere thanks to all the Corporation's staff and suppliers for their ongoing commitment, and for contributing to excellence in all areas of the Corporation's business.

Sincerely,

D. R. Reid

Diana R. Reid
Chairman of the Board

THE BRITISH COLUMBIA PAVILION CORPORATION

THE CORPORATION

The staff and management of the B.C. Pavilion Corporation have one particular commitment, and that's to ask the question "why?" as we consider each and every strategic objective. This ensures that everything about our business is specifically aimed at fulfilling goals that are truly important to our organization.

In the face of growing competition and ever-changing challenges, our commitment to this process has never been stronger, or more necessary. The confidence that results helps propel the efforts of each of B.C. Pavilion Corporation's five facilities towards success.

One objective that we never question is our continued emphasis on customer service excellence for our clients, guests, corporate partners and staff. Though technology will advance, markets will come and go, and personnel will change, customer satisfaction and good relationships will always be the foundation of our business.

Warren Buckley
President &
Chief Executive Officer

The Corporation

The B.C. Pavilion Corporation operates five successful public facilities within the lower mainland of British Columbia. It provides space for conventions, trade and consumer shows, film production, sporting events and a variety of other special events. Since the Corporation's inception in 1987, the economy of the lower mainland has changed significantly, resulting in an increase in tourism, hospitality and entertainment venues in downtown Vancouver. These new facilities have increased competition to the Corporation for both consumer and sponsor discretionary spending dollars.

Overall, the increase in the city's infrastructure has complemented the Corporation's facilities though due to high demand there is still a shortage of quality convention space and film production facilities. As a result, a timetable has been set for the expansion of the Vancouver Trade & Convention Centre, and management is conducting feasibility studies for further expansion of the Bridge Studios.

As one of the economic engines that fueled the development of downtown Vancouver, B.C. Place Stadium has seen a radical change in its business base over the past few years. Trade and consumer shows have replaced sporting as the primary event type at the Stadium, and management continues to seek new business to maximize the facility's event schedule.

Management will also seek a new location for the Robson Square Conference Centre business activities, as the operating lease for this facility will expire in fiscal 2001.

Strategic Planning At B.C. Pavilion Corporation

Since fiscal 1996, when management embarked on a new strategic planning process, employees from all levels have participated in the individual facility plans. Strategic objectives for the five facilities flow into an overall corporate plan and base-year benchmarks for future comparisons are gathered. The methodology for evaluating performance measures has been set, so results will be consistent from year to year.

There are seven strategic objectives for the Corporation:

To provide a high level of service and value to our customers

The B.C. Pavilion Corporation is a customer-driven organization. If not for excellent service at all levels, we risk losing new and repeat clients to other facilities. We monitor customer satisfaction through two measures:

Measure repeat clients to the facilities.
It is more cost efficient to service a repeat client than to sell space to a new client. Due to the diverse nature of our facilities, the percentage of repeat clients varies. For fiscal 1998, the range was from 82% at B.C. Place Stadium, where most shows are annual events, to 39% at the Vancouver Trade & Convention Centre, where major conventions regularly move locations at the choice of the event organizers and memberships.

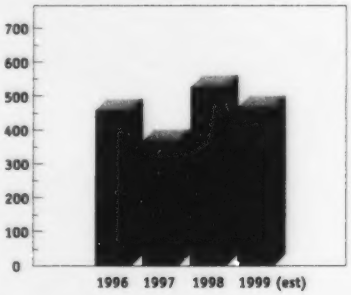
Score on customer satisfaction surveys.
In order to continuously improve customer service, we require feedback from event organizers. Surveys are sent to clients after their event and the results monitored. For fiscal 1998, the satisfaction rating range was from 79% at Tradex to 83% at Robson Square Conference Centre.

To increase economic benefit to the Province of British Columbia

Our mandate is to generate net economic benefit for the people of British Columbia. Using the services of an independent consultant, we measure net economic benefit generated by the Corporation based on the methodology used by Tourism Vancouver.

Net economic benefit generated.
For fiscal 1998, the Corporation generated over $525 million in benefit to the community from its activities. This amount is based on estimated expenditures by visitors to our facilities, subsequent spending in the province following the event activity, and the ripple effect through the economy of such spending. In addition to the economic benefit generated, it is estimated that for fiscal 1998, over 11,700 full-year jobs were supported and $175 million in taxes raised.

Comparison of Net Economic Benefits Generated
(in $ millions)

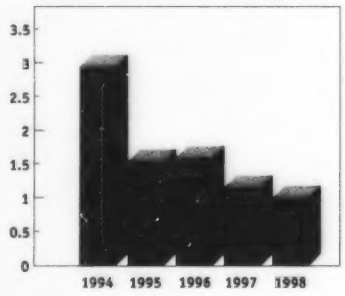


To improve financial performance

As with most Corporations, one of the B.C. Pavilion Corporation's strategic objectives is to improve its financial performance. This is monitored as follows:

Comparing the annual subsidy required for operations.
The B.C. Pavilion Corporation receives an annual subsidy from its shareholder, the Ministry of Small Business, Tourism and Culture. The subsidy comprises funding for both capital and operational needs. As financial performance has improved, the required operating subsidy has reduced.

Contribution for Operations from the Province of British Columbia
(in $ millions)



To maximize penetration in target markets

In addition to the objective of improving financial performance, the B.C. Pavilion Corporation also has the mandate of increasing economic benefits to the community. These goals are not always

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compatible, as some events bring enormous economic benefits to the community, while providing little profitability to the Corporation. In order to measure the effectiveness of the Corporation's marketing efforts, the following measures are calculated:

Measure facility utilization. B.C. Place Stadium and Tradex have specific show seasons and are fully booked for a large portion of the year. However, as with many other public facilities, their summer periods are quiet and further infill business is required to increase occupancy. The year-to-year occupancy levels fluctuate at these facilities as many trade shows are held on a bi-annual basis. For fiscal 1998, B.C. Place Stadium had an overall occupancy rate of 54% and Tradex 59%.

The Vancouver Trade & Convention Centre and Robson Square Conference Centre have a more balanced event schedule, although July and August are quieter months. For fiscal 1998, occupancy for the convention level at the Vancouver Trade & Convention Centre was 73% and at Robson Square Conference Centre the rate was 60%.

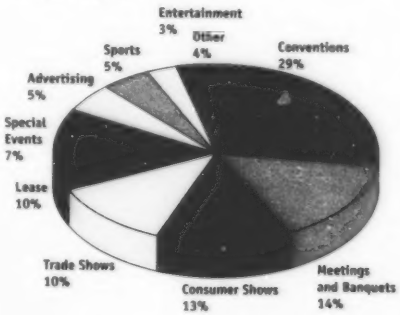
The Bridge Studios leases TV studio space on long term contracts and the Effects Stage for movie production on 3 to 8 month rentals. Occupancy at the facility for fiscal 1998 was 95%.

Measure number of events by type. The B.C. Pavilion Corporation strives to increase the number of events at its facilities each year. However, as the greatest economic benefit is generated through convention activity, other event types may be displaced in order to maximize benefit from this activity. The number of events by type for fiscal 1998 were as follows:

Number of Events	Fiscal 1998	Fiscal 1997
Meetings	673	696
Banquets	226	216
Special Events	147	148
Conventions	56	62
Trade Shows	37	46
Consumer Shows	35	30
Sports	16	18
Entertainment	2	1

Track attendance by facility. As a measure of the Corporation's success, facility attendance is monitored. The higher the event attendance, the more attractive the venues become to corporate sponsors. For fiscal 1998 see chart above right:

Revenue Distribution by Type
Fiscal 1998



Attendance	Fiscal 1998	Fiscal 1997
VTCC	728,022	641,039
B.C. Place Stadium	800,676	770,783
Robson Square	148,775	158,179
Tradex	158,400	163,200

To maintain, improve and expand properties

The B.C. Pavilion Corporation is responsible for operating, maintaining and upgrading over $200 million in capital assets. The Corporation is not allowed to create reserves to provide for replacement of major assets, so the shareholder needs to be informed of their remaining useful lives.

An important factor in persuading potential clients to book events at the Corporation's facilities is their physical appearance and the range of services provided. The measures required to monitor physical assets are as follows:

Measure estimated lives remaining of major assets. The major assets that will require extraordinary funding to provide for replacement include the roofs at B.C. Place Stadium and Vancouver Trade & Convention Centre, and the internal videoboards and artificial turf at B.C. Place Stadium. At March 31, 1998, the remaining lives for these assets were estimated at between 5 and 15 years.

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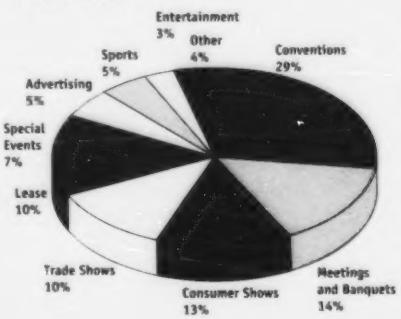

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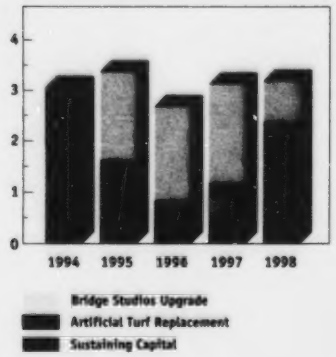
Measure rate of replacement of assets.
For fiscal 1998, the actual rate of replacement of assets at the facilities was 1.3%, which compared to 2.6% in fiscal 1997, the year in which the new Bridge Studios addition was completed.

Measure return on investment for major assets.
Before any investment in a major asset addition is made, a feasibility study is prepared and calculation of financial return on funds prepared. In fiscal 1997, the Corporation made one major capital investment—the expansion of the Bridge Studios space. During fiscal 1998, the return on this capital investment was 15%.

Contribution for Capital from the Province of British Columbia (in $ millions)



To create work environments for organizational and personal success

The Corporation is committed to providing a workplace that is progressive in its policies and also gives employees the opportunity to positively advance their careers. The following measures are being monitored in order to ensure that improvement is continuous:

- *Measure employee diversity*
- *Measure pay equity from outside the Corporation*
- *Measure employee turnover*
- *Measure employee satisfaction*
- *Measure number of training hours*
- *Measure absenteeism*

Fiscal 1998 benchmarks for these measures have been collected, and will be monitored on an annual basis.

To be environmentally responsible in managing our properties

As a publicly-owned organization, the B.C. Pavilion Corporation is vigilant in its efforts to conserve energy, recycle waste and minimize the impact on the environment from its activities. The following measures have been implemented in order to track environmental responsibility:

Measure garbage volume recycled.
The B.C. Pavilion Corporation has contracted with disposal companies for the recycling of paper products. The percentage of total garbage recycled increased from 9.4% in fiscal 1997 to 15.3% in fiscal 1998.[1] Further waste is prevented by sometimes sending unplated meals to downtown relief agencies.

Measure energy consumption.
The Corporation is vigilant regarding its energy usage. As the facilities are large, consumption levels can change dramatically depending on occupancy levels and changes in weather. During fiscal 1998, the facilities consumed 165,885kJ of energy, compared to 170,491kJ in fiscal 1997.[2]

Test soils for leachates.
Whenever construction work is being carried out, or management has concerns that soils are contaminated, soils are tested and remedial work carried out. During fiscal 1997 and fiscal 1998, extensive upgrades to the Bridge Studios facilities were made. Contaminated soils were remediated at the facility and wells have been drilled to monitor the effects on the groundwater of remaining contaminants.

[1] Robson Square Conference Centre statistics are not included as services are provided by the landlord. Bridge Studios is not included as tenants arrange for their own services.

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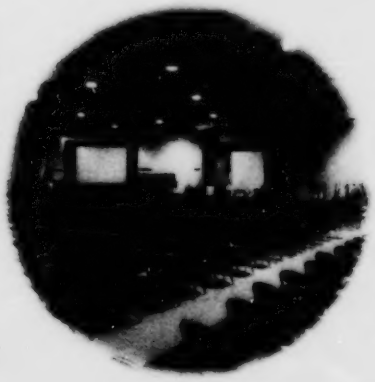
Vancouver
Trade & Convention Centre

EVENT HIGHLIGHTS FISCAL 1998:

- APEC Conference
- COMDEX PacRim '98
- International Foundation of Employee Benefit Plans
- National Association of Federal Credit Unions

Stunningly located on the city's waterfront, the beautiful cruise ship lines of the Vancouver Trade & Convention Centre leave an indelible image in the minds of thousands of delegates to Vancouver. This signature landmark offers convention and exhibition planners 94,000 sq. ft. of column-free space under soaring sails, a 17,000-sq.ft. ballroom and 20 breakout rooms.



Within a few minutes walk of the Centre are a number of the finest hotels in North America as well as an exceptional variety of restaurants and exciting shopping opportunities. Anchored at the heart of the action, the Vancouver Trade & Convention Centre offers convention planners, trade & consumer show organizers and their customers the best possible all-around experience.

Team BC was launched five years ago as a cooperative marketing program to showcase the attractions of British Columbia. Chaired by the Vancouver Trade & Convention Centre, this initiative has achieved renown by hosting three attention-getting annual events in the US and one in the UK, with high attendance levels of key industry clients.

On home territory, the 'Be a Host' program continued in partnership with Tourism Vancouver. At this event, local hosts who have been instrumental in securing conventions for Vancouver are acknowledged by industry leaders. Some of these events which took place during the past year are: APEC '97, International Council of Nurses, International Foundation of Employee Benefit Plans, Association of International Educators, and National Association of Federal Credit Unions.

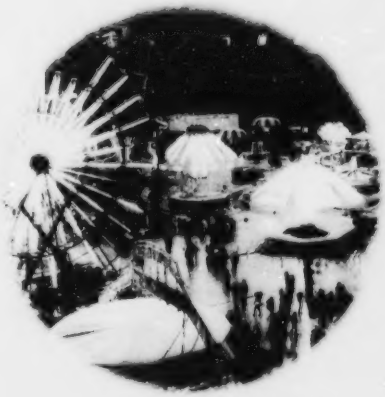
During fiscal 1998 efforts undertaken by the staff at the Vancouver Trade & Convention Centre generated over $227 million in economic benefit to the Province. Some 750,000 delegates attended over 360 events and generated $13.6 million in revenue resulting in the facility's best year ever. Currently operating at effective capacity, increasing levels of demand will be difficult to meet without expanded convention facilities in the city voted the number one destination for international meetings in North and South America.

B.C. PLACE
STADIUM

EVENT HIGHLIGHTS FISCAL 1998:

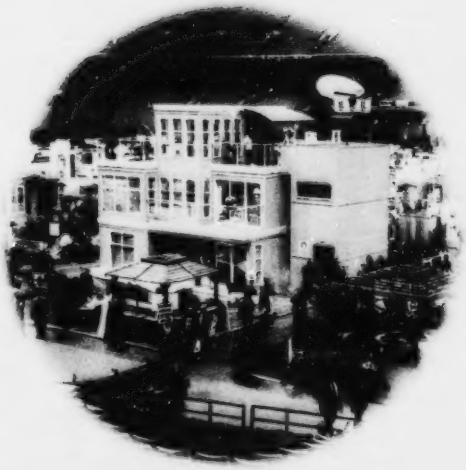
- APEC Economic Leaders Dinner
- Auto Show
- Spring Home & Garden Show
- Molson Indy
- Rolling Stones Concert
- U2 Concert
- B.C. Lions Football

B.C. PLACE STADIUM

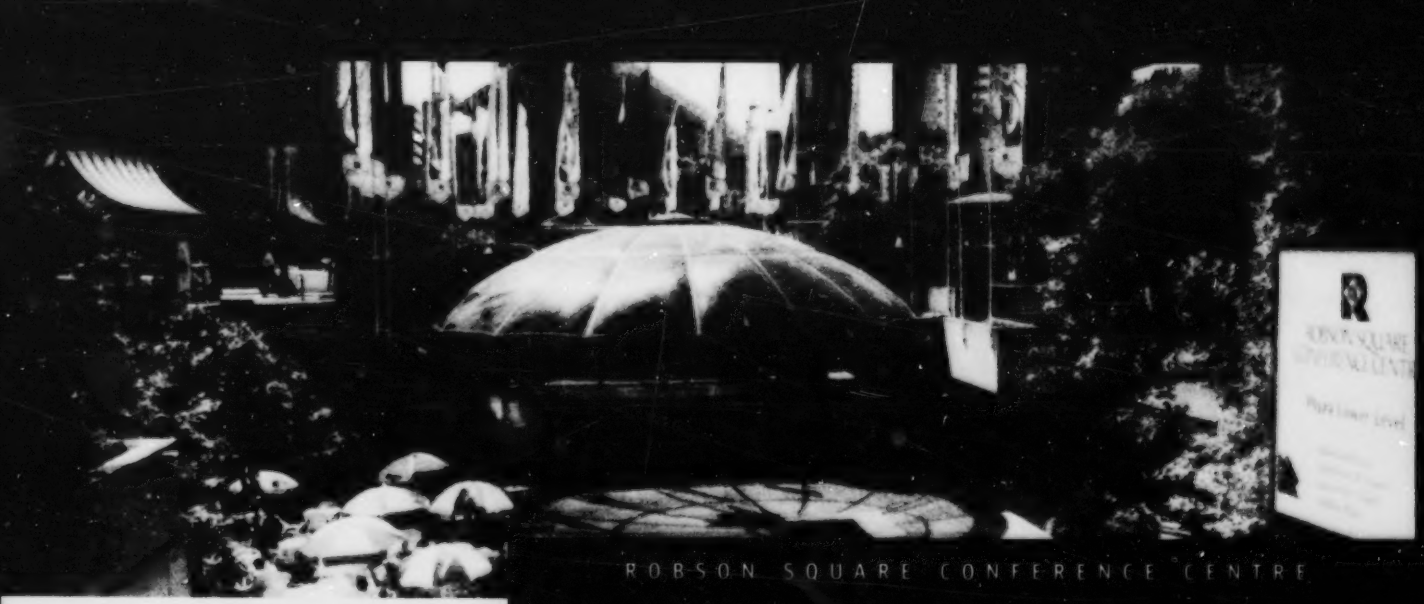


B.C. Place provides seating for 60,000 people and 240,000 square feet of exhibit space. Additional amenities include 35 luxury suites, party rooms and banquet facilities. The Dome is home to the province's largest trade and consumer shows, concerts, motor spectacular events, professional and amateur sports including the CFL's B.C. Lions, community events and banquets.

In fiscal 1998, the Stadium hosted 54 events over 196 event days, generating $9.6 million in revenues.



Located just off the shores of rapidly developing False Creek, B.C. Place Stadium lies within Vancouver's designated Entertainment District. This familiar landmark holds the distinction of being the largest air-supported domed stadium in the world. It is also British Columbia's largest public building.

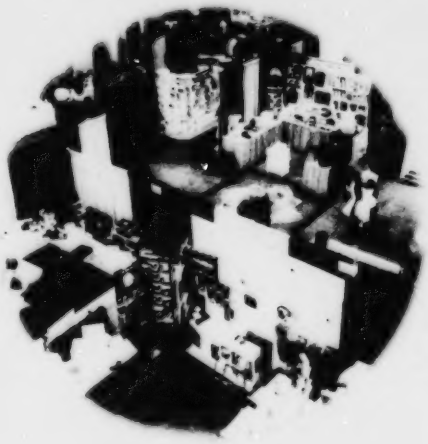


ROBSON SQUARE CONFERENCE CENTRE

ROBSON SQUARE CONFERENCE CENTRE

EVENT HIGHLIGHTS FISCAL 1998:

- APEC Conference '97
- Chevron Broadcast
- ASI Exchange 1998
- Common Border, Shared Future

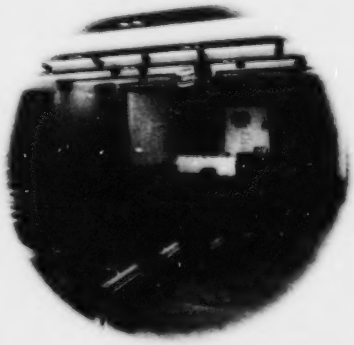


With over 825 events being hosted during fiscal 1998, Robson Square Conference Centre continues to be the busiest facility within the Corporation. It directly employs nine full-time and four part-time staff.

Nestled between the Provincial Law Courts to the south and the Vancouver Art Gallery to the north, Robson Square Conference Centre is just a few minutes walk from Vancouver's financial district, major hotels and government offices.

Offering eight conference rooms, a 10,150-sq. ft. ballroom, two theatres and a spacious outdoor plaza, Robson Square Conference Centre is one of Western Canada's most comprehensive and technologically advanced facilities. Recent upgrades have provided the ability to videoconference from anywhere in the facility, and include a dedicated videoconference suite. Robson Square Conference Centre can also provide access to the Internet or a satellite feed to uplink/downlink anywhere in the world. In addition, an infrastructure has been developed to allow distribution of telephone or data service to points throughout the facility for specific exhibitor or presenter use.

Robson Square Conference Centre generated just under $2.2 million in gross revenues in fiscal 1998.



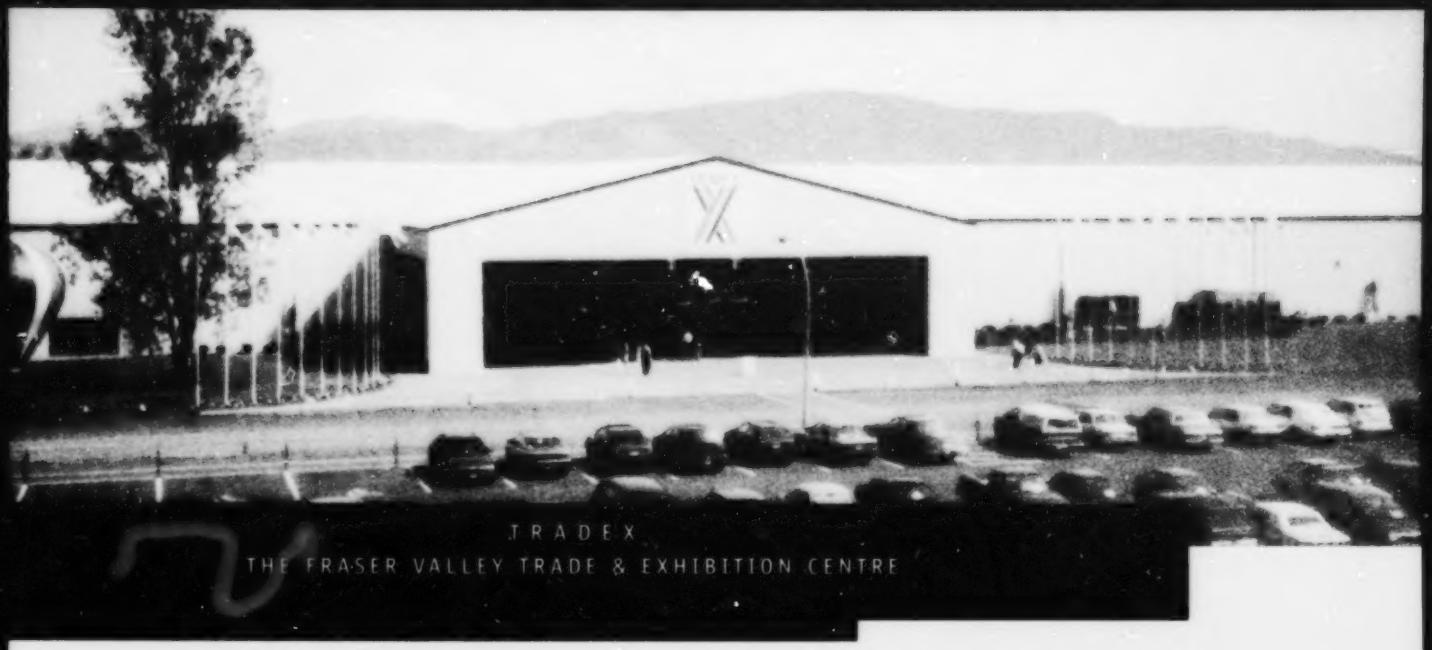
PRODUCTION HIGHLIGHTS FISCAL 1998:

- TV Series:
  Outer Limits
  Poltergeist, The Legacy
  Stargate SG-1
- Feature Film:
  Snow Falling on Cedars

The Bridge Studios contributes over $140 million in economic spin-offs to the community by offering 190,000 sq. ft. of stages, production offices, ancillary and support facilities, including North America's largest special effects stage.

A staff of five full-time employees provides a high level of service to clients in a "four wall" environment that gives the ease of independent operation. The Bridge Studios consistently receives high marks from film professionals at all levels, in an industry reliant on word-of-mouth recommendations.

With gross revenues of just under $3.2 million, fiscal 1998 marked yet another record year for The Bridge Studios.



TRADEX
THE FRASER VALLEY TRADE & EXHIBITION CENTRE

The communities of the Fraser Valley are among the fastest growing in all of North America. Tradex, located at the Abbotsford Airport, serves this dynamic market with 120,000-sq. ft. of exhibition space in two adjoining halls in one building.

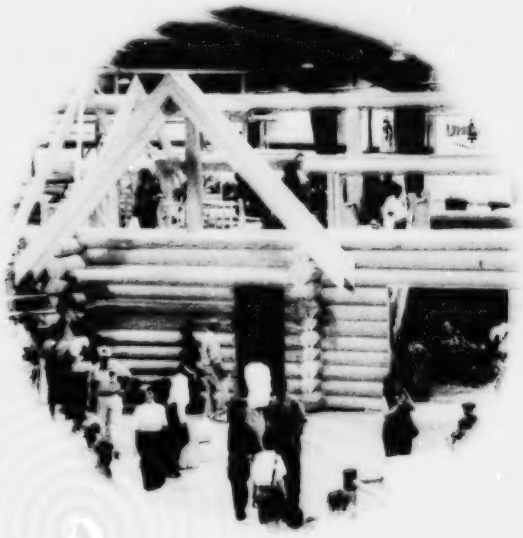
Open since 1991, the facility is the host of many successful trade and consumer shows, sporting and special events and banquets. Five full-time staff manage and market the facility to a consumer base of over one million people within a 60 kilometre radius.

During fiscal 1998, the facility hosted 47 events and generated gross revenues of $1.19 million.

TRADEX

EVENT HIGHLIGHTS FISCAL 1998:

- Air Show Canada
- Fire Expo
- Fraser Valley Boat & Sportsmen's Show
- Lower Mainland Dog Fanciers Show
- Fraser Valley Home & Garden Show
- Early Bird RV Show & Sale



THE YEAR IN REVIEW

Fiscal 1998 saw a continuation of the financial trends of previous years, with the Corporation's revenues increasing to record highs and the operating shortfall at its lowest ever. With close to 1,300 events held at the facilities during the year (a 7% increase over fiscal 1997), event and sales staff have been extremely busy fitting the business activity into the available space.

The Vancouver Trade & Convention Centre increased its proportionate share of corporate revenues to 47%, and generated over $227 million in economic benefit to the community. Most available dates for larger conventions have been booked for the next three years, and new business for the facility continues to be turned away pending construction of a proposed expansion to the present convention centre.

At B.C. Place Stadium, most available dates during the busy trade and consumer show season were booked. In common with many other public facilities, the summer months were quiet, with sporting activity providing most of the business. Fiscal 1998 was the last year for the Molson Indy at the facility, as the track and race activity has moved further east.

The Corporation's most profitable facility continued to be the Bridge Studios. Two new stages opened early in the fiscal year, and were occupied by the TV series "Stargate." With the Bridge lands being fully developed, all stages occupied and new business being turned away, management has been planning further expansion at other sites.

Corporate revenues for fiscal 1998 were at the highest ever level of $29.4 million, and increased by 9% over fiscal 1997. As in fiscal 1997, the major increases in revenues were in conventions and income related to film production.

Convention activity was particularly strong in fiscal 1998, with several events producing revenues in excess of budget. This resulted from the upselling of services by the client services team at the Vancouver Trade & Convention Centre. Conventions contributed 28% of total corporate revenues for the year, up from 26% in fiscal 1997.

Combined, trade and consumer shows contributed 23% of corporate revenues, compared to 26% in fiscal 1997. Meetings and banquets at 14% were the third largest contributor to revenues—this reduction from the performance in fiscal 1997 was due to lack of available space for potential clients.

The funding that was required for operations for fiscal 1998 was the lowest ever at $862,000.

With over $525 million in economic impact generated for fiscal 1998, for every dollar received as an operating subsidy from the provincial government, over $600 in economic benefit was generated through the Corporation's activities.

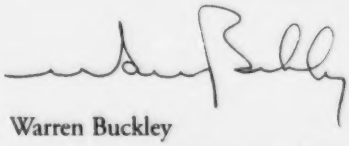
MANAGEMENT REPORT

The financial statements of the B.C. Pavilion Corporation have been prepared by and are the responsibility of management. They have been prepared in accordance with generally accepted accounting principles that are considered appropriate for the Corporation. As the valuation of some of the assets and liabilities is dependent on future transactions, some of the amounts are based on management's best judgments and estimates.

Management maintains a system of internal controls and relies on these to provide reasonable assurance that the assets of the Corporation are being safeguarded, and that the financial transactions and statements of the Corporation are being recorded correctly. A Peoples Policy applicable to all employees deals with staff conduct.

The Audit and Finance Committee of the Board of Directors, who are not employees of the Corporation, meets regularly with management and the external auditors to discuss accounting controls and other financial matters.

Management is responsible for all of the information presented in this annual report. The information in the report is consistent with that shown in the financial statements.



Warren Buckley
President & Chief Executive Officer

John Harding
Chief Financial Officer

Corporate Office

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To the Shareholder of B.C. Pavilion Corporation:

We have audited the balance sheet of B.C. Pavilion Corporation as at March 31, 1998 and the statements of operations and contributed surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Company Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

The financial statements as at March 31, 1997 and for the year then ended were audited by other chartered accountants who expressed an opinion without reservation on those statements in their report dated May 9, 1997.

Doane Raymond

Chartered Accountants

Vancouver, B.C.
May 2, 1998

BALANCE SHEET

As at March 31 (Expressed in thousands of dollars)		1998		1997
Assets				
Current				
Cash	$	4,624	$	3,534
Performance bond (Note 3)		50		270
Receivables		2,789		2,348
Prepaid and deferred expenses		417		351
		7,880		6,503
Capital assets (Note 4)		153,258		154,798
	$	161,138	$	161,301
Liabilities				
Current				
Payables	$	4,394	$	3,676
Deferred revenue		2,865		2,423
		7,259		6,099
Deferred government contributions (Note 5)		1,380		2,068
		8,639		8,167
Shareholder's Equity				
Capital Stock (Note 6)		1		1
Contributed Surplus		152,498		153,133
		152,499		153,134
	$	161,138	$	161,301

Commitments (Note 9)

See accompanying notes to the financial statements.

On behalf of the Board

Diana Reid, Director

Les Atchison, Director

STATEMENT OF OPERATIONS

Year ended March 31 (Expressed in thousands of dollars)	1998	1997
Revenues from operations	$ 29,365	$ 26,886
Direct costs	13,631	12,789
	15,734	14,097
Facility expenses		
Staffing	6,975	6,832
Operating (Note 7)	5,812	5,206
General and administration	1,894	1,794
Business development	1,217	896
Fees	443	350
Depreciation	4,356	4,454
	20,697	19,532
Loss before recoveries	(4,963)	(5,435)
Recoveries		
Contributions from the Province of British Columbia (Note 5)	862	1,280
Transfer from contributed surplus to offset depreciation charged on capital assets contributed by the Province of British Columbia	4,101	4,155
	4,963	5,435
Net earnings	$ Nil	$ Nil

See accompanying notes to the financial statements.

STATEMENT OF CONTRIBUTED SURPLUS

Year ended March 31 (Expressed in thousands of dollars)	1998	1997
Contributed surplus, beginning of year	**$ 153,133**	$ 153,872
Contributions from the Province of British Columbia toward capital asset acquisitions (Note 5)		
Current projects	**2,816**	3,350
Prior year projects	**650**	66
Transfer to operations	**(4,101)**	(4,155)
Contributed surplus, end of year	**$ 152,498**	$ 153,133

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended March 31 (Expressed in thousands of dollars)	1998	1997
Cash derived from (applied to)		
Operating		
Loss before recoveries	**$ (4,963)**	$ (5,435)
Depreciation	**4,356**	4,454
Gain on sale of capital assets	**(33)**	—
	(640)	(981)
Change in non-cash operating working capital (Note 8)	**873**	(83)
	233	(1,064)
Financing		
Contributions from the Province of British Columbia	**3,640**	5,255
Loan repayment	**—**	(66)
	3,640	5,189
Investing		
Capital asset additions	**(2,816)**	(5,357)
Proceeds on disposition of capital assets	**33**	—
	(2,783)	(5,357)
Net increase (decrease) in cash	**1,090**	(1,232)
Cash		
Beginning of year	**3,534**	4,766
End of year	**$ 4,624**	$ 3,534

See accompanying notes to the financial statements.

March 31 (in thousands of dollars)

1. General

B.C. Pavilion Corporation was incorporated by the Province of British Columbia on May 3, 1984 under the Company Act of British Columbia. The mandate of the Corporation is to generate net economic benefit for the people of British Columbia through the management of certain public facilities in the province.

The Corporation owns and operates B.C. Place Stadium, Bridge Studios and Tradex, and operates the Vancouver Trade and Convention Centre and Robson Square Conference Centre under separate agreements.

2. Summary of significant accounting policies

The accompanying financial statements are prepared in accordance with generally accepted accounting principles that are considered appropriate for B.C. Pavilion Corporation.

Use of estimates

In conformity with generally accepted accounting principles management is required to make estimates and assumptions that could affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the year. Actual results could differ from those reported.

Capital assets

Capital assets funded through contributions by the Province of British Columbia, either to the Corporation or to predecessor Crown corporations, are recorded at cost less accumulated depreciation. The related contribution is recorded as a credit to contributed surplus.

Capital assets funded by the Government of Canada are recorded at cost, net of the related contributions and less accumulated depreciation.

Capital assets contributed by other parties in exchange for services are recorded at the fair market value of the assets less accumulated depreciation. The related contribution is recorded as deferred revenue and amortized to operations over the services contract term.

Assets are depreciated over their estimated useful lives to the Corporation:

Building and improvements	10 to 50 years: buildings are depreciated on the sinking fund method; improvements on the straight line method
Furniture	5 years, straight line
Computers	3 years, straight line
Leasehold improvements	over the shorter of the estimated useful life of the improvement and the term of the lease
Motor vehicles	30% per annum, declining balance
Other capital assets	1 to 10 years, straight line

Deferred government contributions

Funding received from the Province of British Columbia is deferred until utilized. Funding used for operations is recognized as a recovery in the statement of operations to the extent costs have been incurred. Funding used for capital asset acquisitions is allocated to contributed surplus when the related assets are acquired.

Transfer of contributed surplus

Contributed surplus is transferred to and reflected as a recovery in the statement of operations in an amount equal to that required to offset depreciation charged on assets contributed or funded by the Province of British Columbia.

Operating revenues and expenses

Operating revenues and expenses are recorded on the accrual method.

Contra-transactions

Deferred revenue resulting from contra-transactions, such as the exchange of goods or services for advertising, is amortized over the term of the related agreement.

Superannuation fund

Eligible employees of the Corporation participate in the British Columbia Public Service Employees' Superannuation program. For fiscal 1998, the Corporation also contributed an amount equivalent to 109% of the employees contributory earnings.

Financial instruments

The Corporation has various financial instruments including cash, performance bond and receivables and payables. The carrying values of these financial instruments approximates their fair value.

3. Performance bond

Under the terms of the Bridge Studios construction permit, the Corporation was required to post a construction performance bond. The amount is refundable to the Corporation subsequent to the satisfactory completion of the project.

4. Capital Assets

	Cost	Accumulated Depreciation	1998 Net Book Value	1997 Net Book Value
FACILITIES				
B.C. Place Stadium	$ 175,797	$ 38,584	$ **137,213**	$ 138,791
Bridge Studios	14,448	3,537	**10,911**	11,396
Tradex	4,939	1,785	**3,154**	3,387
Vancouver Trade & Convention Centre	3,410	2,101	**1,309**	617
Other	3,099	2,428	**671**	607
	$ 201,693	$ 48,435	$ **153,258**	$ 154,798

March 31 (in thousands of dollars)

5. Deferred government contributions

		1998		1997
Balance, beginning of year	$	2,068	$	1,509
Contributions from the Province of British Columbia		3,640		5,255
		5,708		6,764
Allocated to:				
Operations		862		1,280
Contributed surplus				
Current year projects		2,816		3,350
Prior year projects		650		66
		4,328		4,696
Balance, end of year	$	1,380	$	2,068

The balance at the end of the year consists of contributions received that have been allocated but not spent by March 31 on approved capital projects.

6. Capital stock

		1998		1997
Authorized:				
10,000 common shares without par value				
Issued:				
1 share, held by Her Majesty the Queen in right of the Province of British Columbia	$	1	$	1

7. Environmental costs

The Corporation and predecessor property owners remain liable for environmental and reclamation obligations for known hazards that exist at Bridge Studios or may exist at other facilities. These hazards are being actively monitored and mitigated by the Corporation's management. Management is not aware of any existing environmental problems related to its facilities that may result in material liability to the Corporation.

During fiscal 1997, the contributions received from the Province of British Columbia included $1.5 million toward the cost of environmental site preparation and restoration costs at the Bridge Studios. The project was partially completed during fiscal 1997, with expenditures of $796,000 being incurred. A further $895,000 has been spent during fiscal 1998. These costs were charged to operations.

8. Change in non-cash operating working capital

		1998		1997
Performance bond	$	220	$	(270)
Receivables		(441)		277
Prepaid and deferred expenses		(66)		(28)
Payables		718		304
Deferred revenue		442		(366)
	$	873	$	(83)

9. Commitments

Minimum obligations under long term operating leases are 1999: $101: 2000: $105 and 2001: $79.

10. Related party transactions

In the normal course of operations, the Corporation acquires from and sells goods and services to the Province of British Columbia and certain Crown corporations, predominantly under prevailing trade terms.

The Corporation pays 60% of the net income of Robson Square Conference Centre to B.C. Buildings Corporation as rental for this facility.

11. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. Also, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000. If not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect business operations.

Although it is not possible to be certain that all aspects of the Year 2000 Issue affecting the Corporation will be fully resolved, Management is in the process of implementing its plan to ensure Year 2000 compliance in all of the Corporation's computerized systems.

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